GENERAL ELECTRIC

The General Electric Investor

1971 Annual Report

A GE commitment:

more power for transportation

1971 Financial Highlights

(Dollar amounts in millions; per-share amounts in dollars)	1971	1970
Sales of products and services	$9,425.3	$8,726.7
Net earnings	**$471.8**	**$328.5**
Earnings per common share	$2.60	$1.81
Dividends declared per common share	$1.38	$1.30
Earnings as a percentage of sales	**5.0%**	**3.8%**
Share owners' equity	$2,801.8	$2,553.6
Earned on share owners' equity	17.6%	13.2%
Earnings retained for reinvestment	**$222.1**	**$93.1**
Plant and equipment additions	$553.1	$581.4

Per-share amounts have been adjusted for the two-for-one stock split in April 1971.

A special note to share owners: It is easy to assume at this time of general improvement in earnings by U.S. businesses that any problems associated with profitable performance are being solved. The fact is, however, that in 1971 the estimated after-tax profits as a percentage of sales for all U.S. manufacturing corporations approximated only 4.2%, well below the 5.6% level reached in 1966 or the 7.1% in 1950. In the 1966-71 period, total profit dollars for all U.S. corporations actually declined while U.S. Gross National Product increased 39.6% and employee compensation in the private sector rose 42.1%. This squeeze on earnings capability affects the amounts available to industry for dividend payments to share owners. It also severely limits the funds retained for reinvestment in the business—the capital needed to finance business growth and to build jobs for the expanding work force. Consequently, of the General Electric commitments described in this Annual Report, none has a higher priority for management than that of earnings improvement. This is essential not only to give share owners a more satisfactory return on their investment but also to build a volume of retained earnings that can be reinvested to keep GE competitive in serving customers, supplying jobs and contributing to social progress. To underscore your management's concern on this point, information on earnings in the financial tables of this Annual Report is printed in a boldface type.

Covers: General Electric's investments in plant and equipment to help meet the nation's need for increased productivity are illustrated by (front cover) marine propulsion systems for world shipping and by new facilities to build (back cover) complete commuter cars. Power plants for ships, illustrated at right by a Columbus Line containership in the Sydney, Australia harbor, contributed to record levels of exports by General Electric in 1971.

NOTE: *In this Report, unless otherwise indicated by the context, the terms "General Electric" and "Company" are used on the basis of consolidation described on page 26.*

The corporate signature as it appears on the front cover is a trademark of General Electric Company.

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Comments on 1971 and the Outlook

Your management's report at the 1971 Share Owners Information Meeting emphasized that to be successful today a business must strive to achieve dual objectives: economic and social. General Electric in 1971 made progress on both fronts.

The Company's economic performance was highlighted by record sales and earnings. The $9,425.3 million sales volume in 1971 was 8% above the previous high reached last year. Our 1971 earnings total of $471.8 million, or $2.60 per share, surpassed our previous best earnings year, in 1967, by some 30% and rose well above the strike-depressed levels of 1970.

Share owners' approval of a two-for-one split of the common stock in April was accompanied by Board approval of a modest increase in dividends to an annual rate of $1.40, compared with the preceding comparable rate of $1.30.

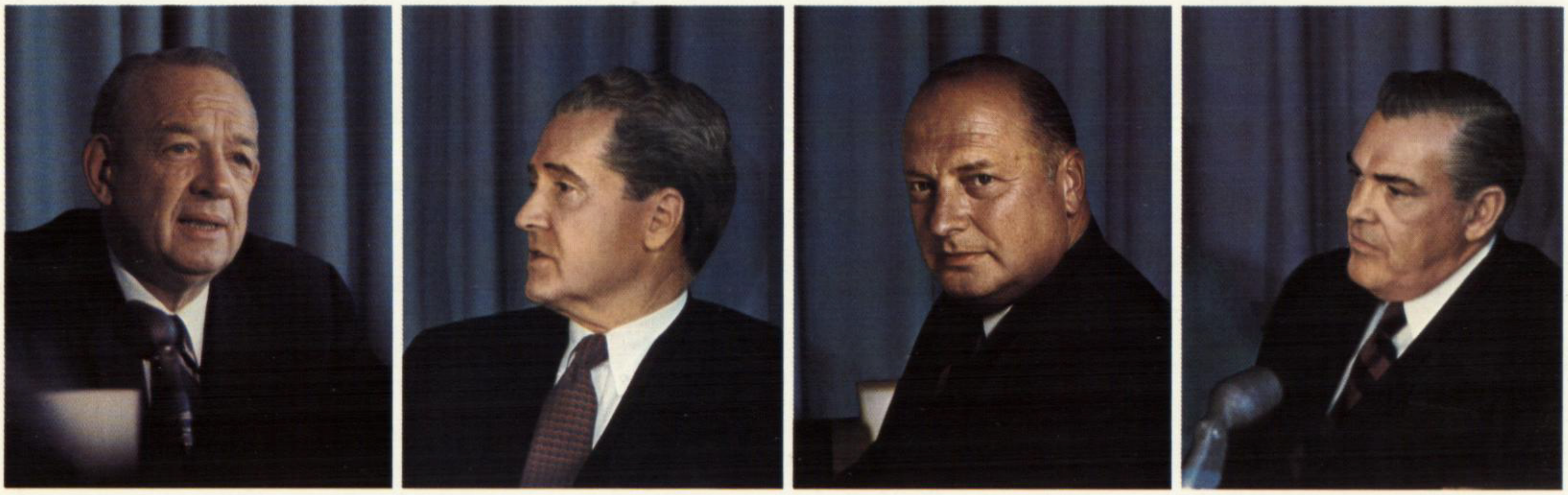
While these forward steps are encouraging overall, your managers are keenly aware that the progress of our diversified businesses in 1971 was uneven. Operations that experienced substantial growth included power generation, rail transportation, medical systems, engineering plastics and commercial jet engines. Some other operations, however, suffered decreased sales and orders, necessitating actions that included sizable lay-offs of employees. Government-related areas such as military aircraft engines and space projects were especially hard hit.

We are continuing to develop an organization structure that strengthens our capabilities for forward planning. An early result was the identification of a number of product lines and plant facilities with marginal potential for contributing to the long-term profitable performance of the Company. Accruals were made in the 1971 fourth quarter for costs associated with closing out such product lines as integrated circuits and vacuum cleaners.

General Electric's commitment to social progress was expressed in part by the year's investments in new plant and equipment. Our capital expenditures in 1971 totaled $553.1 million—the fifth consecutive year in which they have exceeded half-a-billion dollars—and much of this investment has gone toward building capacity to serve areas of social concern. Thus we continued expansion of capacity for equipment to produce environmentally clean electric power, including nuclear energy. Our plant investments also are enlarging our capabilities in transportation, health care, community services and environmental protection.

The Corporate Highlights section of this Report summarizes another important social dimension of General Electric's operations. This includes our internal efforts to improve the environmental performance of GE facilities and products. It extends to programs to implement our commitment as an equal-opportunity employer and to provide for the self-development of employees at all levels. Our research and development programs are seeking breakthroughs that will better meet consumers' needs and help alleviate the environmental problems facing industry.

General Electric enters 1972 with a year-end record $9.3-billion backlog of orders—reflecting continued strong volume in new orders for heavy, longer-cycle equipment which offset weaknesses in shorter-cycle capital goods, component products and defense-related products and services. We see 1972 as a year in which General Electric operations will start fairly slowly in the first quarter—the result, in part, of the relatively low level of shipments of heavy equipment scheduled for this period. As the year progresses, however, we expect our business overall to improve and



Members of General Electric's Corporate Executive Office, photographed during a 1971 press conference: (left to right), Fred J. Borch, William H. Dennler, Jack S. Parker and Herman L. Weiss.

Elected Vice Chairmen and members of the Corporate Executive Office effective March 1, 1972: Walter D. Dance, left, and Reginald H. Jones.

make 1972 our best year to date.

Some flexibility in adjusting to increasing costs is provided by the authorization granted to the Company by the Government's Price Commission to increase prices 2% over base period levels on a weighted average basis across the Company's domestic operations.

As to overall business prospects, the U.S. economy is reflecting signs of improvement and should provide opportunities for a stronger year of business activity. However, your managers condition their agreement with the economists' generally favorable forecasts by their own awareness of problem areas—including the uncertain effect on the economy of continuing wage and price controls. We support the Government's objectives of controlling inflation and improving the U.S. position in world trade. Economic controls in peacetime, however, should be only temporary expedients. Over the longer term they will inevitably produce distortions and imbalances that will prove increasingly burdensome on the economy.

A much-needed effort encompassing Government-industry cooperation is to build on the measures initiated in 1971 to reduce the inequities that have placed U.S. industry at a disadvantage in international competition. The real job in achieving world trade that is both free and fair still lies ahead—namely, to remove international trade barriers so that U.S. businesses are placed on a truly equitable footing with overseas competitors. This is an absolutely essential step before the U.S. can make any substantial improvement in its trade and balance-of-payments position.

One General Electric response to the opportunities and challenges of 1972 is a new Company-wide program to rally all of our people behind the goal of making GE products and services the "Best Buy" for customers. Progress toward this goal will require and, we are confident, will receive extra effort by each component and every employee to improve our quality, service and value, while also seeking to make our operations more productive, cost-conscious and still more competitive. The results, we feel, will generate new momentum for the Company and the economy.

Fred J. Borch

February 18, 1972

Chairman of the Board

Review of 1971 Operations

General Electric operating results by major categories

(In millions)

Sales	1971	1970
Industrial Components and Systems	$2,865	$2,848
Consumer	2,383	1,969
Industrial Power Equipment	2,131	1,880
Aerospace	1,623	1,666
International	1,584	1,393
Corporate eliminations and unallocated items	(1,161)	(1,029)
Total Company	$9,425	$8,727

Net earnings	1971	1970
Industrial Components and Systems	$141	$ 97
Consumer	106	77
Industrial Power Equipment	114	87
Aerospace	37	26
International	86	66
General Electric Credit Corporation	31	20
Corporate eliminations and unallocated items	(43)	(45)
Total Company	$472	$328

Net earnings as a percentage of sales	1971	1970
Industrial Components and Systems	4.9%	3.4%
Consumer	4.4	3.9
Industrial Power Equipment	5.4	4.6
Aerospace	2.3	1.6
International	5.4	4.7
Total Company	5.0	3.8

Comparisons of results by category should take into account abnormal factors which in any year affect General Electric operating results unevenly. During 1970, for example, the strike which had a depressing effect on total Company results also had widely varying impacts on results by category.

Sales and net earnings for each major category include inter-category transactions. To the extent that sales and earnings are recognized in more than one category, appropriate elimination is made at the corporate level. Net earnings for each major category are after the allocation of corporate items such as expenses of headquarters personnel, corporate research and development, interest and other financial charges and income taxes. Representative products and services within each major category are shown on the following pages.

Condensed financial statements for General Electric Credit Corporation, a wholly-owned nonconsolidated affiliate, are on page 32. The Credit Corporation's expanding services range from financing appliances and mobile homes to industrial financing for ships, locomotives and commercial jets. The majority of products financed by GECC are manufactured by companies other than General Electric.

Industrial Components and Systems

GE products supplied to many industries and varied community services make this category the largest contributor to sales and earnings. Sales growth in 1971 by several of these businesses, such as rail transportation equipment and engineering plastics, nearly offset the volume lost with the transfer of GE's information systems equipment business to a Honeywell Inc. affiliate in October 1970. Generally sluggish markets affected other sectors.

The sharp increase in 1971 earnings resulted primarily from improvements over strike-affected 1970 results and, to a lesser extent, from termination of losses incurred by the transferred information systems equipment business.

The basic need of customers worldwide to increase productivity is served by the GE businesses in this category. The Company's broad range of automation equipment covers industry's needs from sensitive instrumentation to massive drive motors and industrial process control computers.

While these businesses reflected depressed economic conditions in 1971, they face a more encouraging outlook in 1972, spurred by increasing recognition that reduction of unit labor costs is a key to controlling inflation, to becoming more competitive in world trade and to covering costs of social objectives such as cleaning up the environment. This factor, plus reinstatement of the 7% investment tax credit, is expected to generate an upturn in capital spending for automation equipment.

Industry's environmental protection programs are bringing new business to GE. At the heart of a virtually pollution-free new hydroelectric pumped-storage power plant at Northfield Mountain, Mass.—the first U.S. underground installation—will be four huge GE generator motors producing a million kilowatts of electricity. Also, as pictured at right, the new San Jose-Santa Clara water pollution control plant at Alviso, Cal., relies on GE pump motors. Other GE motors are being used to drive the fans in water cooling towers to curb thermal pollution.

The first photograph on page 9 indicates a significant advance for General Electric in business terms as well as in technology. Planning a highly automated new foundry and wanting it to be the cleanest possible from an environmental standpoint, the customer not only chose electricity for melting power but also selected General Electric as the key supplier to provide the electrical equipment.

In anticipation of a turnaround in machine-tool orders, the Company sponsored a plan designed to assist U.S. tool makers implement a program whereby machine-tools with General Electric numerical controls will be shipped from inventory, eliminating the long delivery times which occur when these machines are not built until orders are received.

In transportation, major plant expansions and new orders characterized 1971. In its first full year as a supplier of complete transit and commuter cars, General Electric received orders for 414 units.

The plant expansion includes a new Transit Systems Building—giving GE the industry's most integrated manufacturing, assembly and test facilities—and the Transportation Technology Center, both in Erie, Pa. The Center will conduct development work on ways to improve transit systems' productivity through increased speeds and more automatic control, while advancing passenger comfort and safety.

GE's substantial business in locomotives was highlighted by an order for three all-electric units to power a new high-voltage, fully automatic railroad.

Sales and net earnings *(In millions)*

	1971	1970
Sales	**$2,865**	**$2,848**
Net earnings	**141**	**97**

Representative products and services: adjustable and constant-speed drives, ballasts, batteries, capacitors, communication systems, computer time-sharing, controls, electric motors, electronic tubes, equipment service, industrial heating, insulating materials, medical systems, plastics, process computers, silicones, transportation systems, wire and cable and wiring devices.

Electric motors powerful enough to turn back the tide—that's one task of these nine-foot-high GE vertical units that drive massive pumps at the San Jose-Santa Clara water pollution control plant.

General Electric broadened its role as a supplier of special materials that aid in improving product performance, lowering costs and raising productivity:

- Tough General Electric engineering plastics replace metal and glass in many applications. To its existing plastics line the Company added Valox, a new family of thermoplastic polyesters whose unusual resistance to high temperatures and solvents makes them suitable for applications in electrical equipment, appliances and other products. Also, mar-resistant Lexan sheet was introduced, filling the need for windows that are virtually unbreakable and vandal-proof.
- GE silicone chemicals that stand up under wide temperature ranges and other punishing conditions are contributing to product safety and reliability. Twenty new passenger-car applications significantly increased '71 sales to the auto industry.
- Additional international thrust for both General Electric plastics and silicones came with construction of a new Netherlands facility and joint ventures with Japanese firms, thus placing plants in a position to serve European and Far Eastern markets.
- The metallurgical products business, long a supplier of carbide cutting edges that increase metalworking productivity, broadened its offering of tooling systems.
- General Electric development of larger, tougher crystals of Man-Made industrial diamonds increases the cutting capability of diamond-edged saw blades. And GE Borazon® abrasive, which surpasses aluminum oxide in performance, is making grinding of hardened tool and die steels faster and more economical.

General Electric is a leading supplier in technologies vital to industry.

In communications, the Company's diversity of equipment includes mobile-radio, data communication and telecommunication systems. At the end of 1971, construction was under way on a new plant near Florence, S.C., to increase mobile-radio production capacity.

In computer time-sharing information services, General Electric increased its network by extending service via satellite into many countries of Europe as well as by expanding throughout the U.S.

Already a leading supplier of professional medical equipment in the U.S., GE took steps in 1971 to increase its penetration in world markets. Needed manufacturing capacity will be provided by a new facility near Milwaukee, Wis.

GE's diversified business in electrical components stems from the variety of motors, controls and other products supplied to many different makers of appliances, air conditioners, business machines and industrial equipment.

While closing out its integrated circuits business in 1971, General Electric continued to be a leading supplier of such electronic components as semiconductors, capacitors, rechargeable batteries, vacuum tubes and microwave devices.

Two General Electric service businesses continued to grow in 1971.

Through its steadily growing network of GE service shops, the Company is providing industry an increasingly diverse range of maintenance and repair services for a broadening range of products—from motors to locomotives and power generation equipment. GE also offers on-site services such as complete plant overhauls.

General Learning Corporation, the education venture jointly owned with Time Inc., further strengthened its operations in 1971. For customers wishing to establish day-care centers for the children of working families, GLC is offering a new array of products and services tested in its own model learning center in Morristown, N.J.

The diversity of GE products and services for industry is documented by 1971 examples:

1 A non-polluting foundry? Ford's new Casting Center in Flat Rock, Mich., comes closer than any has before, helped by its electric arc furnaces. The plant also represents new highs in foundry automation producing such automotive parts as engine blocks, heads and manifolds. Electrical equipment supplied by GE includes two process computers, power transformers, the power distribution system, arc furnace transformers and control, motors, controls, lighting, wire and cable and even the medical X-ray equipment for the plant's hospital.

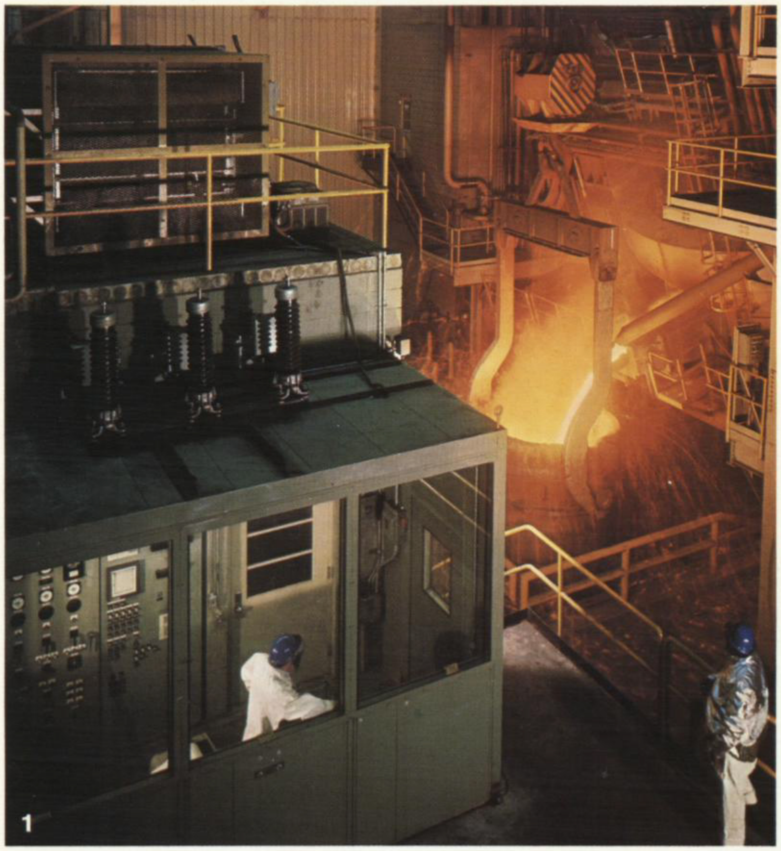
2 Materials from General Electric provide special properties: new Valox® engineering plastic that is both flame retardant and solvent resistant, Lexan® window glazing that is virtually unbreakable and newly mar-resistant, a silicone rubber so highly shock absorbing it can cushion the fall of an egg, new Carboloy® toolholder-insert combinations coated with titanium carbide which provide metalwork users with up to three times the tool life of earlier materials, and Man-Made® industrial diamonds that improve highway-grooving and stone cutting performance.

3 For the health care industry, GE broadened its range of professional medical equipment with the introduction of its Traumex® Diagnostic X-Ray System for use in hospital emergency rooms. The ceiling-suspended system swings in an arc around the emergency stretcher, permitting the X-ray diagnosis without movement of an injured patient.

4 One new use of GE's computer time-sharing information network is to keep Pontiac auto dealers informed of the production status of each customer's new car order via GE TermiNet® 300 teleprinters.

5 Community service equipment includes a new, larger General Electric Vorcinerator® waste disposal system with the capacity to convert five to six tons of solid waste per hour into sterile ash while minimizing releases into the atmosphere.

6 Communication systems help coordinate community service. For the Community Safety Agency in Simi Valley, Cal., GE engineers developed an ultra-high-frequency mobile-radio system to overcome congestion on regular transmitting channels.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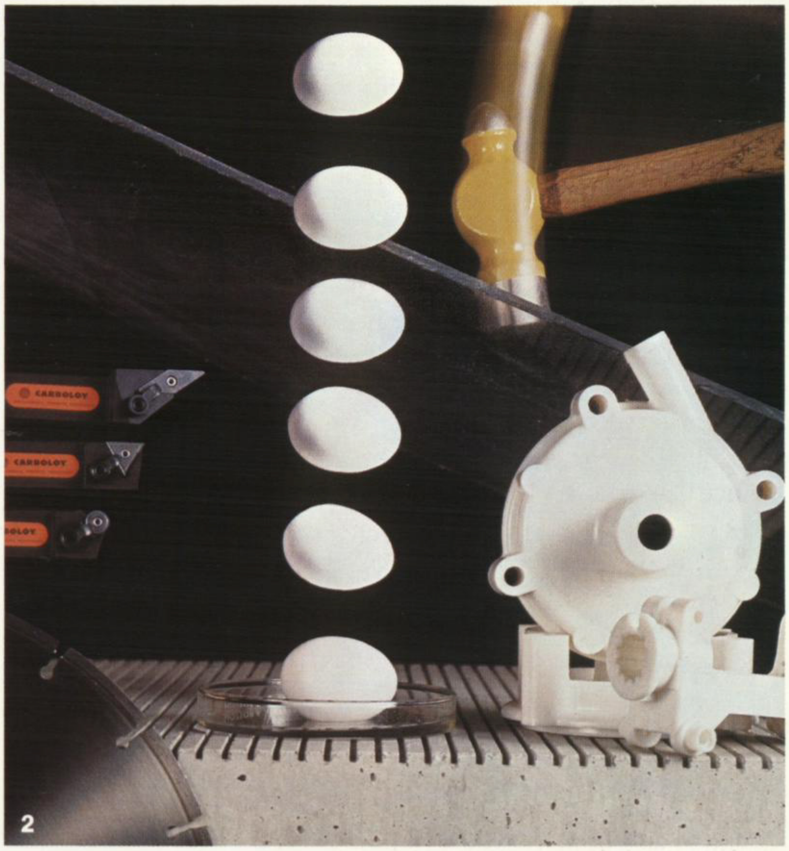

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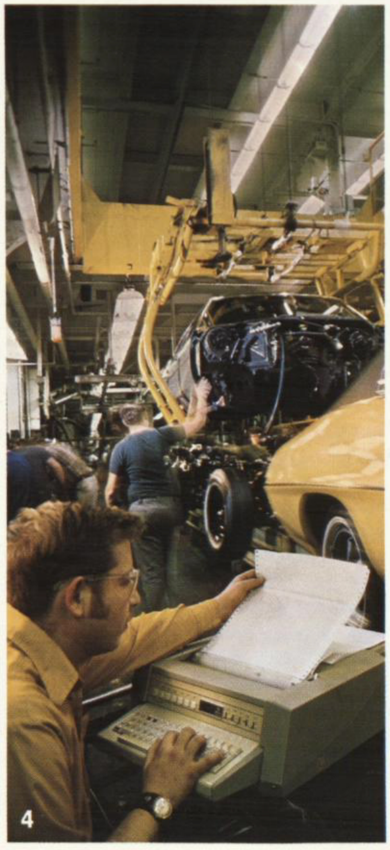
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Consumer

General Electric's consumer product sales strengthened in the last half of 1971 following a lackluster first half. This surge lifted the year's consumer sales and earnings significantly above the strike-depressed 1970 results. Although sales set records, earnings were affected by the costs associated with new facilities expansion programs and by the squeeze between rising costs and continued heavy competitive pressures on prices.

A potential benefit from current attractive values of GE consumer products is that, with further strengthening of consumer confidence in the U.S. economic outlook, rising sales volume will offer opportunities for earnings improvement. As one example of value comparisons, a General Electric refrigerator is currently on the market at the same price as a model offered in 1950, yet has more than double the storage space and includes such additional features as automatic defrosting, adjustable shelves, a coil-free back and a variety of color choices. Similarly, a General Electric range with a self-cleaning oven and other product advances retails today at the price of a 1950 clean-it-yourself model.

Values in these and other major appliances are expected to maintain General Electric's strong position in these markets.

Completion of Phase I of the ten-year construction plan for Appliance Park/East, in Columbia, Md., gives General Electric new production capacity for growth. By the end of 1971, the Park's new room air conditioner plant, range plant and warehouse were in operation.

Investments at the Company's original Appliance Park, in Louisville, Ky., also demonstrate GE's confidence in the future for consumer products. The Applied Research and Design Center, completed in 1971, provides a new home for the Major Appliance Laboratories, as well as operations handling new ventures planning and product design.

Other major plant expansions for consumer products included purchase of a plant for production of GE's Carry Cool® portable air conditioner at Columbia, Tenn., and a substantial increase in capacity at the central air conditioning plant in Tyler, Tex. To stay competitive in their respective markets, General Electric housewares, audio electronics, and television operations have added new production facilities in Singapore. And the Company's Lamp Division in 1971 established a new lamp filament research laboratory and a new glass and ceramics laboratory within its Nela Park research facilities, as well as announcing plans for four new production facilities to provide capacity for business growth.

New GE consumer products maintained a fast pace in competitive innovation:

- Compacts introduced for use in smaller living areas included a new clothes dryer, an automatic washer, a line of compact refrigerators, a countertop microwave oven and a portable room air conditioner.
- Addition of four-channel stereo components to the Company's fast-selling lines of two-channel stereo components, tape recorders and digital clock radios is helping General Electric's audio electronics operation maintain its position in the U.S. market.
- In television, General Electric's emphasis on product performance, reliability and serviceability paid off in 1971 in improved sales. Contributing factors included new Spectra-Brite® color picture tubes using more brilliant phosphors and One Touch® color system tuning.

Sales and net earnings *(In millions)*

	1971	1970
Sales	$2,383	$1,969
Net earnings	106	77

Representative products and services:
air conditioners, appliance service, broadcasting, clothes washers and dryers, dishwashers, lamps, personal and portable appliances, radio and television receivers, ranges, refrigerators, stereo equipment and tape recorders.

Man-Mate® hoist, a device developed at General Electric's Research and Development Center, has gone to work to increase productivity at GE's Appliance Park/East. It's a man-amplification system, an electro-hydraulic genie that mimics the operator's arm motions and enables him effortlessly to handle bulky objects weighing up to a thousand pounds. Man-Mate hoist shown at right, one of three to be installed in the Park's range plant, is stationed at the end of the range production line to sort out the various colors and models and put them on the transfer conveyor to the mammoth warehouse.

GENERAL ELECTRIC
DO NOT USE STEEL BANDING TO LIFT OR PULL
DO NOT DROP
americana
flameless RANGE
TWO OVENS IN 30" SPACE
GENERAL ELECTRIC COMPANY
MADE IN U.S.A.

- General Electric's housewares business introduced a number of new products, including a battery-operated digital alarm clock, a heated shave-cream dispenser, a mist-condition speedsetter, a styling comb for men, a new iron especially designed as an aid in sewing and a large-capacity Toast-R-Oven toaster that can bake a complete frozen dinner.
- Lamp innovations from General Electric included the 1000-watt Lucalox® lamp which delivers light more efficiently and at a lower cost of light than any other general lighting source available, Hi-Power flashcubes which provide more than twice the light of standard flashcubes, and "Plus 25" automobile headlamps which extend motorists' "seeing distance" by 25 feet. Development work also brought an important advance in the Company's oldest product, the incandescent light bulb. A "Soft-White Plus" premium line of household bulbs has been announced which features a new, stronger filament called "Power-Coil." These bulbs offer consumers a new option in terms of life versus light output. They also offer greater shock resistance and a finish that diffuses light to soften shadows.

Quality-assurance programs and product service were emphasized in 1971 to help assure customer satisfaction with General Electric products.

For major appliances, new factory electronic test methods check out products more swiftly and thoroughly than is possible by human senses. One example, an application of which has been extended to provide substantial product service diagnosis benefits as well, is GE's Product Quality Analyzer System. Used to test refrigerators in the factory, the system provides an instantaneous check of circuitry. Its product service counterpart, called Rapid Electrical Diagnosis System, is expected to reduce the time for product service diagnosis of the electrical systems of these refrigerators by approximately 25%. The system is also expected to cut related callbacks by roughly 50%.

Another example is the Green Dot Quality Assurance Program which provides automatic factory testing of critical components of home-laundry appliances and identifies good quality components by spraying on a green dot.

Evidence of the Company's commitment to continue providing the best in after-sale service is the expansion of GE's Customer Care Service Network. Scheduled to be completely in place this spring, the program, called "Customer Care—Everywhere," insures more efficient service through better coordination of GE's own 94 factory service branches as well as franchised service dealers and independent service agencies. One particular benefit is that the network assures continuity of service for the customer who moves to a new location.

General Electric expanded other areas of service to consumers in 1971:

- General Electric Broadcasting Company again set records in sales and earnings.
- General Electric Cablevision Corporation began construction of new systems in Decatur, Ill., and Anderson, Ind. The Corporation is planning construction in other currently held franchises and is seeking new locations.
- Tomorrow Entertainment, Inc., GE's year-old entertainment affiliate, produced its first TV special, "The Eagle and the Hawk," for the GE Monogram series and was active in a wide range of film and television projects by year-end. During 1971 TEI acquired Hurok Concerts, with its prestigious roster of performers, and also acquired several small companies engaged in motion picture and television production.

New GE consumer products introduced in 1971 serve the family throughout the day:

1 Cordless digital alarm clock also shows the day.

2 Beauty aids—mist/condition speedsetter sets your hair in minutes... with mist, with conditioner or dry. Also shown, make-up mirror with four light settings.

3 King-size Toast-R-Oven® toaster toasts four slices of most size breads or bakes a complete frozen dinner.

4 Portable automatic washer and clothes dryer are engineered for small areas and for use without installation.

5 Sew and press iron—the first spray, steam and dry iron especially designed as an aid for sewing.

6 Revolutionary new Carry Cool® portable room air conditioner weighs in at 43 pounds, is rated at 4,000 BTU and retails for under $100.

7 Countertop microwave oven is four times faster than conventional cooking equipment.

8 Four-channel eight-track stereo tape player gives the dimension of a live performance.

9 Hotpoint trash compactor squashes trash to one-fourth its original volume and accumulates it in a neat bag.

10 "Soft-White Plus" is GE's household bulb featuring a stronger "Power-Coil" filament to give customers a new option in terms of life versus light output.

General Electric's Command Performance® Network extended its closed-circuit large-screen TV service during 1971 to 35 cities for use by business, industrial and professional groups.

Tomorrow Entertainment, Inc., GE's entertainment affiliate, began producing its first motion picture in 1971—*Lady Caroline Lamb,* based on the romance of Lord Byron and Lady Caroline Lamb, as portrayed here by actress Sarah Miles.

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Industrial Power Equipment

Record orders for power generation equipment and marine propulsion systems exceeded 1971's greatly increased volume of shipments and brought backlogs in this category to over $6.2 billion. Sales and earnings for this category also reached new highs despite decreased earnings by some power delivery businesses.

These 1971 results confirm the fact that electricity is continuing to gain recognition worldwide as the clean energy source—the one that best meets soaring power needs with least harm to the environment. General Electric is emphasizing its research and development concentrated on minimizing the environmental impact of power equipment, as evidenced by reduced emissions from gas turbines, new products to improve the appearance of distribution systems and use of barge mountings to overcome plant siting problems for gas turbines and, potentially, nuclear plants.

Large steam turbine-generator orders rose substantially above 1970 levels, exceeding 20 million kilowatts and increasing the backlogs for this equipment.

With new large steam turbine-generator production capacity coming increasingly on line, 1971 shipments were at a record high. The extent of General Electric's capabilities to help meet energy demands is indicated by the fact that 1971 large steam turbine-generator shipments brought the 1961-1971 total to over 100 million kilowatts, as much as was shipped in the preceding sixty years.

Plant expansion is providing the Company a high-pressure turbine plant in Schenectady, N. Y., and a low-pressure turbine facility in Charleston, S. C. A new generator plant in Merrimack, N. H., is scheduled for initial production in 1972. Completion of a new Aerodynamic Laboratory in Schenectady represents continued expansion of facilities to maintain leadership in product reliability and efficiency.

During 1971, four operating subsidiaries of American Electric Power Company, Inc. filed a suit which challenges General Electric's price policy for the sale of turbine-generators and alleges the existence of a combination in violation of the anti-trust laws. General Electric believes that the suit is unwarranted and that the pricing policy used in the sale of turbine-generators, which was publicly announced in 1963, is legally sound.

General Electric's lead in nuclear-plant operating experience was extended with the startup of four new plants in 1971—two in the U.S. and two offshore. Two GE plants are the largest operating reactors in the world, at 809 megawatts each. The almost 7 million kilowatts of electricity being produced by 20 operating GE boiling water reactor plants at year-end represented close to 60% of the total U.S. produced light-water reactor installed capacity in the world.

Eight of the eleven "turnkey" projects—the unprofitable complete-plant commitments made in the mid-1960's—have been completed. It is expected that the remaining three, for which construction is essentially completed, will be turned over to customers within the next year.

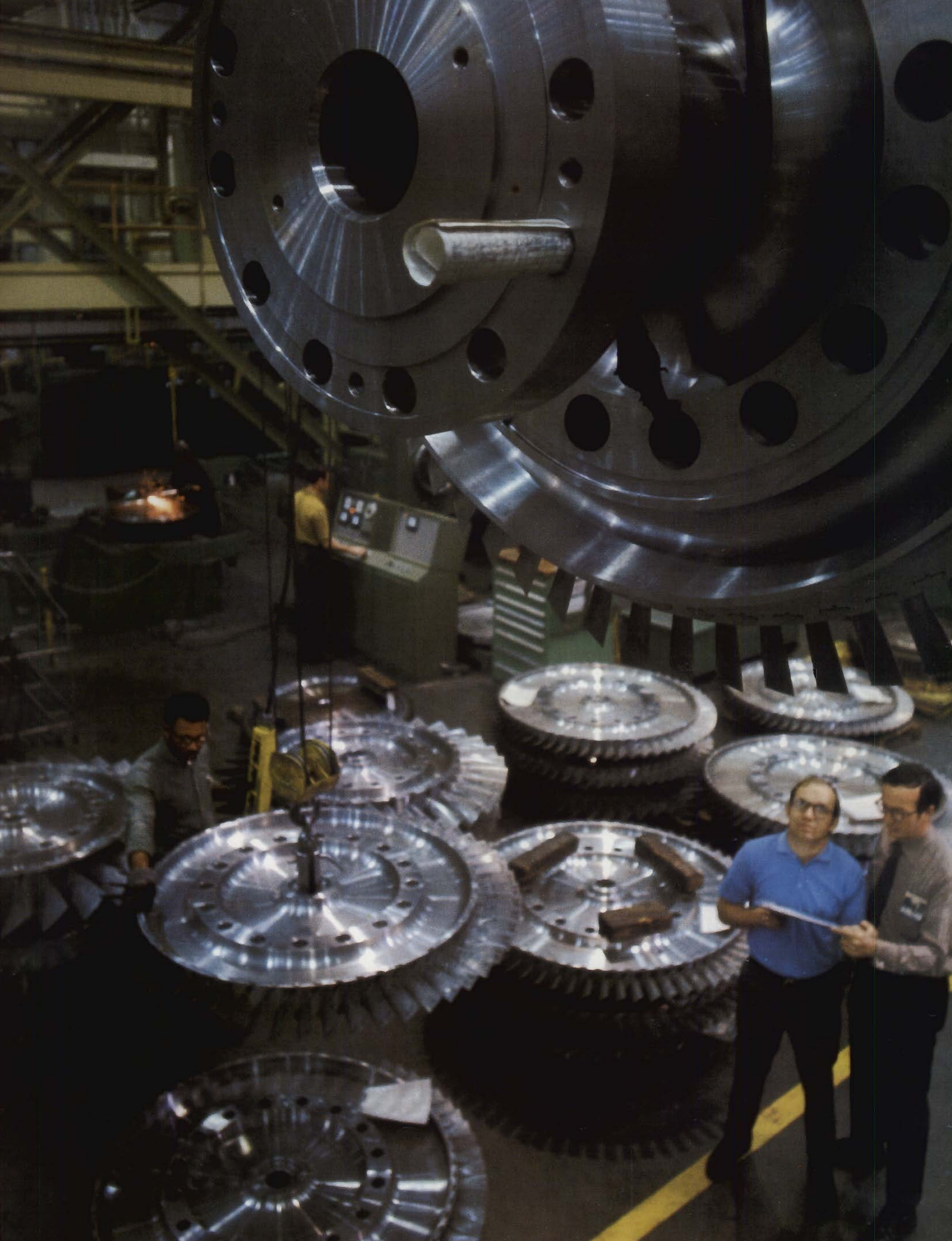
During 1971, Jersey Central Power and Light Company filed suit against General Electric in connection with the Oyster Creek nuclear generating station, one of the turnkey projects. Jersey Central claims $62.8 million in damages allegedly attributable to delayed completion of the plant which is now in regular commercial operation. The Company believes that the delays were legally excusable and that the damages claimed are of a type not recoverable under the contract. In several other nuclear projects there are substantial unresolved customer claims. The principal

Sales and net earnings *(In millions)*

	1971	1970
Sales	**$2,131**	**$1,880**
Net earnings	**114**	**87**

Representative products and services:
gas turbines, installation and service engineering, insulators, marine turbines and gears, mechanical drive turbines, meters, nuclear power reactors and fuel, power circuit breakers, steam turbine-generators, switchgear, transformers and other power apparatus for industry.

General Electric gas turbines, with short production cycles and low levels of pollution emissions, have experienced a business boom that has outgrown the two-year-old facilities at Greenville, S.C., shown at right, and have required an expansion virtually doubling the plant's production capacity.



issue is who should bear the economic risk of meeting newly imposed environmental protection requirements under the terms of the applicable contracts. It is General Electric's position that such risks should be borne by the user rather than by the supplier of the equipment.

In connection with the sale of nuclear reactors, GE has received, through 1971, nuclear fuel orders totaling $1.3 billion for delivery through 1983, only a small portion of which has yet been manufactured and shipped. This fuel has been sold with warranties related to fuel life span. Until statistically significant fuel life data become available, which will not be the case for several years, it will not be clear how the fuel will perform in comparison with warranties.

General Electric continues to believe that nuclear electric power will be essential to meet the nation's growing energy requirements, but political and legal opposition on environmental grounds may affect the rate of growth of the reactor and fuel business in the near term. Orders totaling $604 million to build nine nuclear plants—six domestic and three offshore—were received in 1971, raising the total number of GE-equipped plants completed or on order to 63.

Gas turbine sales sustained their record pace as utilities recognized their advantages in quick installation and minimum ecological impact.

An outgrowth of gas turbine technology is the Stag® (combined steam and gas turbine) power plant. GE received its first Stag-300 order in 1971 for a 340 megawatt plant which will have efficiencies approaching those of the most efficient fossil-fired steam plants while also offering low ecological impact and a short delivery cycle.

General Electric continued to be a main supplier of ship propulsion equipment. During 1971 the Company delivered over 1½ million shaft horsepower of steam propulsion equipment, including power for nuclear frigates, the aircraft carrier Dwight D. Eisenhower and eight new containerships.

Depressed sales and earnings in certain power delivery businesses are being met by intensive GE programs to lower costs and by numerous technical advances and product innovations. On the technological front, GE supplied solid-state relays to control a new 765 kilovolt transmission line in the U.S. and, in a joint project with Canadian General Electric, solid-state valves for Canada's pioneering Eel River high-voltage direct-current control and conversion systems.

Products to improve the appearance and reliability of power systems are being made at a new GE plant in Shreveport, La., which will specialize in producing transformers for underground or surface installations, complementing production at Pittsfield, Mass., and Hickory, N.C. Also at Hickory is GE's demonstration center where utility engineers can determine the optimum products for their underground distribution systems. Another development to help improve the esthetics of power delivery systems came with the introduction of GE's compact, tamper-resistant StyleMaster® substation which eliminates the need for protective fences.

A General Electric asset in helping customers bring more electric power on line is the 2700-man installation and service engineering team providing worldwide service in installing and maintaining electrical, electronic, mechanical and nuclear equipment and supplying customers with technical support.

Four markets served by General Electric's industrial power equipment operations:

1 Steam turbine-generators—GE production of these big power makers is being augmented by new facilities, as illustrated by welders at work on a turbine hood at the Charleston, S.C., plant.

2 Nuclear power generation—exemplified by the Monticello, Minn., plant, equipped to supply 545 megawatts of electrical energy from its General Electric boiling water reactor system.

3 Power distribution—with most new large commercial installations now being served by underground distribution, General Electric's new plant in Shreveport, La., is specializing in transformers for underground systems.

4 Power utilization—represented by a new lighting system whose brightness improves both spectator viewing and color telecasts at San Francisco's Candlestick Park. More than 1,000 GE Multi-Vapor® lamps and Powr/Spot® luminaires were precisely aimed with the help of GE computer programs to provide maximum quality in color TV broadcasting.

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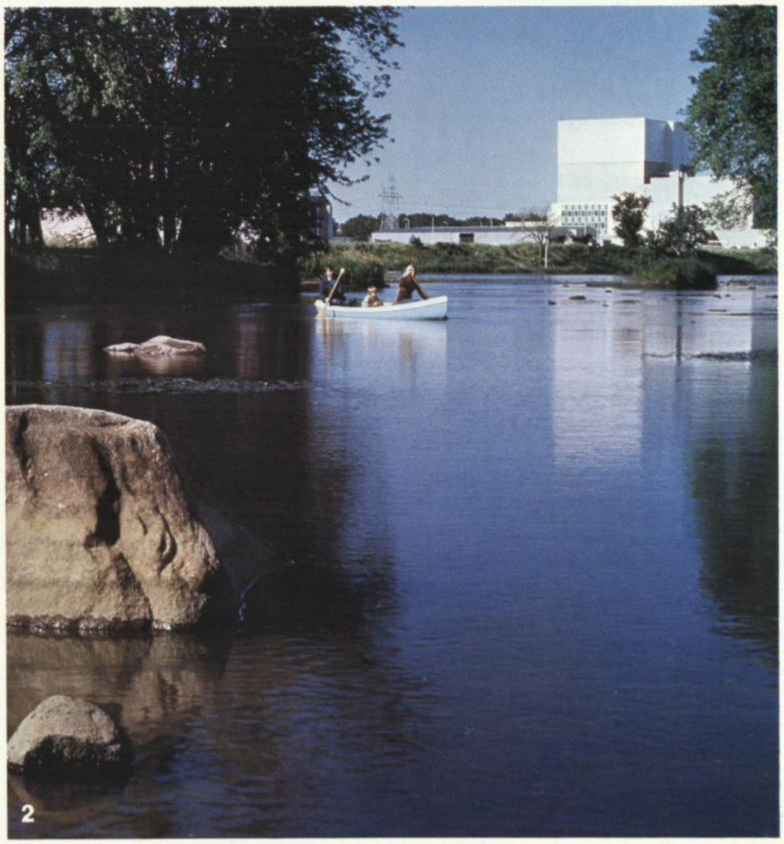

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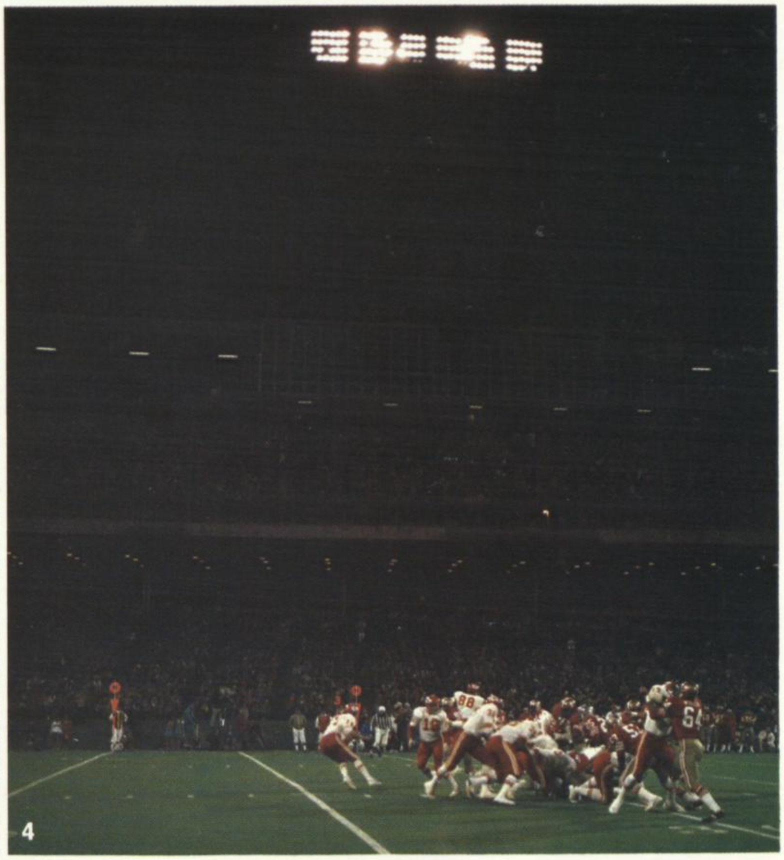

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Aerospace

The successful introduction of the GE-powered DC-10 Trijet in airline service and a widening range of applications of space technology to earth-oriented problems were bright spots for General Electric's aerospace businesses in a year of depressed conditions and substantial reductions in work force.

The sales decline reflected lower levels of Government spending on defense and space projects. For GE the decline was partially offset by increased billings for commercial jet engines. The higher earnings in this category resulted largely from improved margins as certain military engine programs neared completion. The refund of GE's share of costs incurred in developing the engines for the U.S. supersonic transport prototype was used to offset costs in adjusting the programs of the Aircraft Engine Group for this cancellation. Development costs for commercial engines continued at a high level. Entry into the commercial market also involves long-term financing commitments to the airlines.

Three 1971 developments strengthened GE's role in commercial aviation:

- Exceptional performance of the first 13 McDonnell Douglas DC-10 Trijets and their GE CF6 engines in regular airline service at year-end;
- Receipt of the first order for GE engines for the European A-300B twin-jet airbus;
- Selection of General Electric as the partner of SNECMA, the French engine manufacturer, in forming a company to share development and production of a "ten ton" thrust engine for applications in conventional and STOL (short takeoff and landing) civil transports.

In military engines GE continued meeting important new commitments. The TF34 engine was installed in the first of a new series of Navy anti-submarine warfare aircraft. The development program for the GE F101 powerplant to power the USAF B-1 bomber continued on schedule. In helicopters the T700 has been chosen for the Army's planned Utility Tactical Transport Aircraft System.

The LM2500 marine and industrial engine continued to accumulate test hours as the powerplant for the Navy's new Spruance class destroyer and at year-end was also serving in gas pipeline installations in the U.S.

New commercial dimensions for GE aerospace operations were developed in 1971:

- Applying aerospace technology to factory-produced housing modules, GE won a foothold in military-base housing and U.S. Government experimental projects.
- In environmental protection, General Electric space technology was applied toward solutions to problems in waste management, air and water pollution and noise abatement. A compact GE waste treatment system is in shipboard operation, and GE-developed pollution monitoring and control systems are in widespread use.
- In oceanography, GE reached a 10-year agreement with MITSUI of Japan for mutual development of ocean technology, products and environmental controls.

For the U.S. space program General Electric is a major contributor to the Apollo lunar program and to such other projects as the Nimbus weather satellite and the Earth Resources Technology Satellite which will guide men's efforts to conserve and better utilize earth's limited resources.

GE serves essential national security needs with its technological resources.The Company supplies complex defense systems, including sonar, aircraft flight controls, guidance and fire control for ballistic missiles, the acquisition radar for the Safeguard anti-ballistic missile system and re-entry systems for the Minuteman III ICBM.

Sales and net earnings *(In millions)*

	1971	1970
Sales	**$1,623**	**$1,666**
Net earnings	**37**	**26**

Representative products and services: aerospace instruments, aircraft jet engines, armament systems, flight controls, missile re-entry systems, product service, radar and space flight systems.

General Electric's growth in commercial aviation was highlighted in 1971 with the entry of GE-powered McDonnell Douglas DC-10 Trijets into commercial airline service. Power supplied by GE's CF6 engines enables the DC-10 to serve intermediate as well as larger airports such as Los Angeles' International, pictured at right.

Better homes for GIs' families result from GE experts' application of aerospace materials and engineering systems ideas to factory-produced housing modules. Right: some of the 450 homes which GE, working with construction companies, is supplying for two California Air Force bases. Far right: computer display techniques, used to picture changing lunar landscapes in training astronauts, have also been developed for simulated landings by airplane pilots.

United
DC 10 Friend Ship
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International

Record results were achieved by General Electric's international businesses in 1971. New highs were reached in both sales and earnings, reflecting balanced performance in the key aspects of the Company's multiple approach to world markets included in this category: exports from the United States, overseas manufacturing affiliates, joint ventures and investments.

Exports from U.S. operations were the highest in General Electric's history. New orders for exports received during 1971 also set records and contributed substantially to the Company's orders backlog. At the heart of this growth is General Electric technological leadership, reflected in orders for products ranging from power generation equipment and machine tool controls to components such as industrial diamonds. This 1971 export performance takes on added significance in the light of the critical U.S. need to gain a more favorable balance of trade.

General Electric's overseas operations increased sales over 1970:

- In Latin America, economic growth is increasing the demand for electrical equipment such as hydraulic turbine-driven generators and integral motors manufactured locally by General Electric affiliates. A 1971 highlight was a $34-million order for locomotives to be filled jointly from Brazilian and U.S. facilities—business not available to the Company on a pure U.S.-export basis.
- In Europe, the Company won substantial export orders. Of particular significance was a sharp rise in "mixed export" sales, in which certain portions of a product are supplied from the U.S. to overseas manufacturers who provide other major parts and final assembly.
- Affiliates in Spain and Italy continued to provide local bases for serving Europe and were successful with a variety of products in building exports to other international markets.
- The Australian affiliate strengthened its organization and achieved a turnaround in appliance and housewares businesses.
- In India, the GE affiliate is producing X-ray equipment and operating tables to supply both local needs and export markets.

Canadian General Electric Company's reported sales and earnings increased from those for the preceding year, despite the continued recession of the Canadian economy. Contributing to the improved earnings performance were increased income in the apparatus and heavy machinery business, higher volume in consumer product sales and the elimination of losses from electronic component manufacture which was discontinued in 1970. Strong cost control measures introduced by the company when the Canadian recession began in 1970 and a reduced level of borrowings and interest costs also helped sustain earnings. The Canadian company's outlook was strengthened by an upturn in Canada's economy late in 1971.

Employing some 17,000 people in ten different provinces, Canadian General Electric is at work on highly sophisticated products for Canada's progress, such as the heavy water plant to serve the nation's nuclear power program. Other leading 1971 examples of the Canadian company's technological competence:

- For a new Canadian steel plate mill complex, CGE supplied the automation system, including the process computer that guides production.
- CGE built the valves for the world's first major solid-state high-voltage direct-current control and conversion system at Dalhousie, New Brunswick.

Sales and net earnings *(In millions)*

	1971	1970
Sales	$1,584	$1,393
Net earnings	86	66

This category includes exports from the U.S. to customers and operations of diversified affiliates in such countries as Australia, Brazil, Canada, Italy, Mexico, Spain and Venezuela. Operations of nondiversified foreign affiliates are included under their appropriate category.

Major facets of General Electric business in international markets in 1971:

1 General Electric's multiple approach to international markets is exemplified in Tokyo Electric Power's Fukushima plant. Its equipment includes large exports from GE's U.S. facilities. Fukushima III, now under construction, is being equipped by a General Electric licensee in Japan. And fuel for these nuclear plants will be supplied by Japan Nuclear Fuel Co., Ltd., jointly owned by General Electric and two Japanese firms.

2 The General Electric world system includes 80 manufacturing facilities in 23 countries. Pictured: production of refrigerators by Australian affiliate.

3 Overseas affiliates are developing their export capabilities, such as this large transformer built in Brazil for delivery to Mexico.

4 Cogenel, the Company's Italian affiliate, is Europe's leading supplier of numerical controls for advanced machine tools.

5 Advanced technologies supplied in Canada by Canadian General Electric will permit transmission this summer of 320 megawatts of pollution-free hydroelectric power from far north to eastern Canada and northeastern United States. Pioneering Eel River station in New Brunswick, world's largest solid-state high-voltage direct-current control and conversion system, will use eight of these 19-foot-high valves.

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1971 Corporate Highlights

Substantial progress was made by General Electric during 1971 in a number of areas of social concern where management has established policies and standards for performance by GE operations.

General Electric provides for environmental protection in three principal ways.

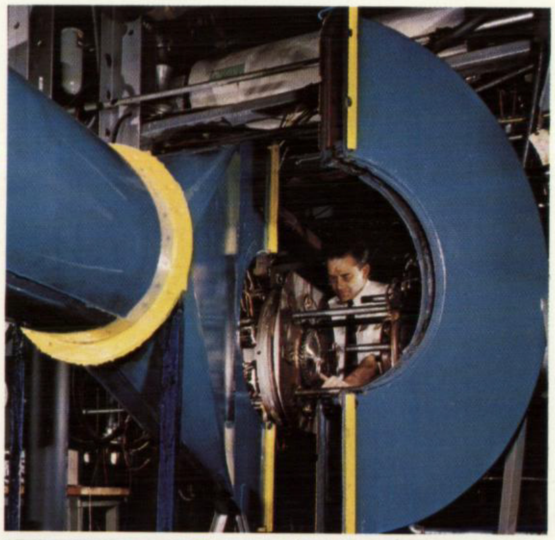
- Limiting adverse environmental effects from General Electric facilities: In 1971 the Company expanded its activities in improving environmental controls at both old and new plants. Projects included installation of new waste-water treatment systems, conversion of facilities to improve compatibility with air quality objectives, and recycling of solid wastes so as to regain usable materials. GE operations completed all submissions necessary in applying for permits relating to discharges into rivers and streams. At the corporate level an Environmental Protection Operation was at work, staffed with experts in all major pollution problem areas. The Operation assists General Electric plants to improve environmental controls and conducts yearly appraisals to measure operations on their conformance with the Company's environmental policies.
- Reducing adverse effects from GE products: Major areas of progress in 1971 included programs to reduce noise in products as varied as consumer appliances and jet engines and to improve esthetics through new underground or low-silhouette electrical distribution products. Performance in this area is monitored by a corporate level Product Quality staff.
- Developing products and processes which help solve environmental problems: In addition to the examples described in this Report's Review of Operations, General Electric environmental developments include a pump storage grinder to correct septic tank problems, an oil/water separator system to remove oil from waste water and a proposal for New York State envisioning "environmental facilities parks" especially equipped to convert, recycle or dispose of solid wastes on a regional basis.

New environmental product development was a GE research emphasis in 1971. Development of additional environmental products is a major goal for the Company's research and development programs. Projects under way at the Company's Research and Development Center include studies aiming at improved combustion of fuels, ozone sterilization, new water purification membranes, advanced battery systems for electric vehicles and development of a strain of high-temperature "thermophilic" micro-organisms to convert waste cellulose into proteins for recycling into cattle food.

Overall, to maintain the technological thrust necessary to keep its businesses competitive, General Electric held expenditures on research and development at a high level in 1971 despite reduced work on governmental defense and space development projects.

Research for the Company as a whole is conducted at the Research and Development Center in Schenectady, N.Y. In addition, the Company has more than 100 laboratory activities associated with product operations.

General Electric programs for minorities and women gained in 1971 to assure equal employment opportunities for both groups. During the year the number of minority and women employees in the Company continued to increase, and the Company moved closer to the goal of having equitable minority representation in



Projects at General Electric's Research and Development Center in 1971 included (top) development of experimental gas turbine engines for increased efficiency and improved environmental compatibility. To supplement the work of this Company-wide laboratory, GE invested in new laboratory facilities associated with product operations, including (above) Atlas, a new heat transfer loop to help in further improving the thermal performance of the core in General Electric's boiling water reactor system for nuclear power plants. Another new facility, the Applied Research and Design Center at Appliance Park in Louisville, Ky., includes (right) an anechoic chamber used in developing quieter appliances.

its plants and offices. The Corporate Executive Office assessed overall progress and the effectiveness of programs in this area of vital concern during 1971.

Training and orientation programs tackled two tasks: to increase and enhance minority participation in employment; and to improve management understanding and awareness of the need for effectively utilizing the emerging work force.

The Company is an active participant in the Government's "Jobs for Veterans" program. In hiring for specialized skills training programs, GE managers are giving priority to Vietnam veterans while continuing to improve job and career opportunities for minority job applicants. GE appliance operations conduct a special program to train veterans for careers as service technicians.

General Electric's pay and benefits for employees were improved. Second-year pay increases under the provision of most Company-union contracts resulted in a general rate increase of 15 cents an hour on March 1 and a cost-of-living adjustment of 8 cents an hour on October 25.

A host of new employee benefits went into effect in January 1971. These included reduced employee contributions to the Insurance Plan and improvements in income extension aid, the Vacation Plan and the Pension Plan. The GE Suggestion Plan, one of the oldest in industry, marked its 65th anniversary in 1971.

Company-conducted educational programs are a GE tradition and are essential to assuring the competence of the current and future work force. In 1971 the range of GE courses extended from entry-level training to courses in advanced management. Over 5,000 employees completed professional and managerial courses. Also, the Company conducted a number of Government-funded training programs for the U.S. Labor Department, including one in Chicago by which some 400 disadvantaged workers have been trained and employed in GE operations.

In its first year the Company's Individual Development Program had some 1,500 participants. The program encourages employees' self-development by providing tuition refunds for all types of occupational and vocational training from basic literacy to college-level courses. Employees on lay-off may use the program to prepare themselves for new jobs inside or outside the Company.

Contributions to U.S. education in 1971 exceeded $2.4 million in grants by the General Electric Foundation, a trust established in 1952.

Under a new Educational Incentive Awards program, grants totaling $326,000 were made by the Foundation to seven universities proposing imaginative changes in curriculum, community involvement and other programs relating to such contemporary problems as minority education and environmental studies.

In addition, General Electric authorized educational contributions of $817,000.

Annual Reports of the Foundation and GE Aid to Education program are available on request.

A new all-electric headquarters facility will be built by General Electric in Fairfield, Conn. The facility will house the Company's senior management and supporting staffs. The present GE headquarters facility in mid-Manhattan will continue to be fully occupied by the Company to serve as the headquarters for the International Group and to consolidate other components now using quarters at various New York City locations. The Fairfield facility is scheduled for completion in 1974.

1 Two General Electric people who set their sights on new careers with the aid of GE's Individual Development Program are Erie employees Elizabeth Wheeler, whose studies enabled her to move from factory work to an office job, and Paul Samlock, former motor assembler who became a foreman after taking IDP-funded courses in inspection and industrial processes.

2 To develop managers' understanding of Company programs to provide equal opportunities for women and minorities, Cathy Conover and Nathaniel Crook led discussions of the Company's Equal Opportunity/Minority Relations program with participants in General Electric's Manager Development Course at Crotonville, N.Y.

3 Among the challenging jobs taken on by GE women: Debbie Brennan (near right), graduate of the GE Employee Relations Management Program, is at work in personnel services for General Electric Credit Corporation; Virginia Gagnon, head of housewares consumers research, checks critiques of a proposed new product received from the 2000-family consumer panel she organized; Teresa Kelly, mathematician, is a specialist in manufacturing systems at Appliance Park/East; and Marjorie Drucker is the Components and Materials Group's specialist in environmental control and industrial hygiene.

4 More jobs for veterans is a General Electric employment goal. Vietnam veteran Lionel Gentle became an employee in the Company's operations in Chicago after visit to Hotpoint booth at veterans' Job Fair.

5 General Electric's educational capabilities were put to work in training programs conducted by GE people. At Cleveland's Woodland Job Center, in a building donated by GE in 1968, more than 18,000 disadvantaged young people have received remedial education, job placement and job training. George Poole, previously a GE foreman, is now manager of GE's job-training shop, one of many training programs within the Center.

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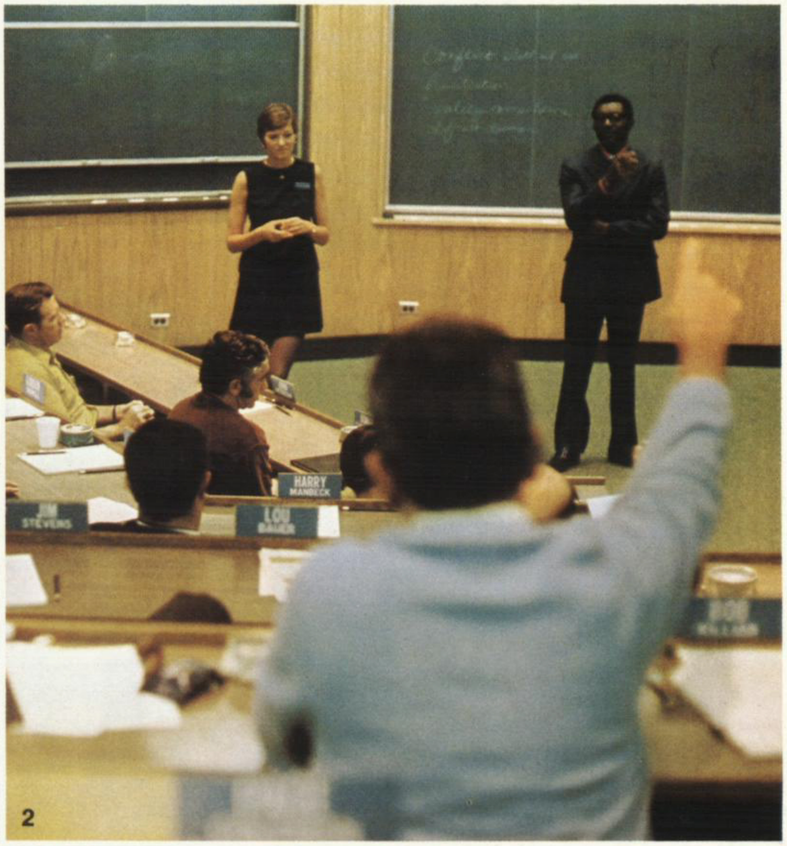

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1971 Financial Summary

Other income *(In millions)*

	1971	1970
Net earnings of the Credit Corporation	$ 30.9	$ 19.9
Income from:		
Customer financing	29.8	25.8
Royalty and technical agreements	31.9	24.4
Marketable securities and bank deposits	10.4	12.8
Other investments	24.9	14.8
Sale of Honeywell stock	11.0	—
Other sundry income	13.1	9.1
	$152.0	$106.8

Because of the great diversity in work done by the thousands of companies in American industry, there is also diversity in the accounting policies they employ. For ease in interpreting financial results it is helpful to identify the policies applied.

As an aid to readers of this Report in the evaluation of the data in this Financial Summary, accounting principles followed by General Electric are printed in blue. Adherence to these accounting principles has, in management's opinion, resulted in reliable and consistent financial reporting by the Company.

Consolidated financial statements and accompanying schedules in this report include a consolidation of the accounts of the Parent—General Electric Company—and those of all majority-owned affiliates (except finance affiliates whose operations are not similar to those of the consolidated group). All significant items relating to transactions between the Parent and affiliated companies are eliminated from consolidated statements.

Except for fixed assets and accumulated depreciation, assets and liabilities of foreign affiliates are translated into U.S. dollars at year-end exchange rates, and income and expense items are translated at average rates prevailing during the year. Fixed assets and accumulated depreciation are translated at rates in effect at dates of acquisition of the assets.

Net earnings include the net income of finance affiliates and the consolidated group's share of earnings of associated companies which are not consolidated but in which the group owns approximately 50% of the voting stock.

During 1971, net earnings amounted to $471.8 million compared with prior year earnings of $328.5 million. An extended strike beginning in October 1969 and ending in February 1970 had a severe impact on 1970 results of U.S. operations.

Earnings per common share were $2.60 in 1971 compared with $1.81 in 1970 as adjusted to reflect the two-for-one stock split in April 1971. Fully diluted earnings per common share, which would result from the potential exercise or conversion of such items as stock options and convertible debt outstanding, were $2.57 in 1971 and $1.80 in 1970.

The quarterly dividend rate was increased from an effective 32½ cents a share to 35 cents a share beginning with the dividend declared for the second quarter of 1971. Thus, the new annual rate is $1.40 a share compared with the previously effective annual rate of $1.30 a share.

Sales of products and services to customers are reported in operating results only as title to products passes to the customer and as services are performed as contracted.

Sales in 1971 totaled $9,425.3 million, an increase of 8% over the 1970 record level. Sales and net earnings attributable to each of the Company's major categories are summarized on page 5.

Other income amounted to $152.0 million in 1971, an increase of $45.2 million over 1970. Significant items included in other income are shown in the left margin.

Net earnings of General Electric Credit Corporation amounted to $30.9 million in 1971, an increase of 56% over 1970. Financial statements for the Credit Corporation are on page 32.

During June 1971, the Company sold 375,000 shares of Honeywell Inc. common stock resulting in a gain of $11.0 million ($7.7 million after taxes).

Costs are classified in the statement of current earnings according to the principal types of costs incurred. Operating costs, excluding interest and income taxes, classified as they will be reported to the Securities and Exchange Commission were: cost of goods sold of $6,962.1 million in 1971 and $6,423.6 million in 1970; and selling, general and administrative expenses of $1,726.2 million in 1971 and $1,754.2 million in 1970.

(continued on page 30)

Statement of Current and Retained Earnings

General Electric Company and consolidated affiliates *(In millions)*

For the year	1971	1970
Sales of products and services to customers	$9,425.3	$8,726.7
Other income	152.0	106.8
	9,577.3	8,833.5
Costs		
Employee compensation, including benefits	3,885.3	3,776.4
Materials, supplies, services and other costs	4,484.0	4,073.9
Depreciation	273.6	334.7
Taxes, except those on income	101.8	88.8
Interest and other financial charges	96.9	101.4
Provision for income taxes	317.1	220.6
Deduct increase in inventories during the year	(56.4)	(96.0)
	9,102.3	8,499.8
Earnings before interest of other share owners	475.0	333.7
Deduct interest of other share owners in net results of affiliates	(3.2)	(5.2)
Net earnings applicable to common stock	471.8	328.5
Deduct dividends declared	(249.7)	(235.4)
Amount added to retained earnings	222.1	93.1
Retained earnings at January 1	1,874.1	1,781.0
Retained earnings at December 31	$2,096.2	$1,874.1
Earnings per common share *(In dollars)*	$2.60	$1.81
Dividends declared per common share *(In dollars)*	$1.38	$1.30

Per-share amounts have been adjusted for the two-for-one stock split in April 1971.

The 1971 Financial Summary beginning on page 26 and ending on page 35 is an integral part of this statement.

Statement of Financial Position

General Electric Company and consolidated affiliates *(In millions)*

December 31	1971	1970
Assets		
Cash	$ 250.1	$ 190.8
Marketable securities	35.9	15.0
Current receivables	1,741.3	1,573.7
Inventories	1,611.7	1,555.3
Current assets	3,639.0	3,334.8
Investments	714.3	630.9
Plant and equipment	2,025.7	1,749.4
Other assets	508.8	483.4
Total assets	$6,887.8	$6,198.5
Liabilities and equity		
Short-term borrowings	$ 569.8	$ 658.1
Accounts payable	454.6	431.3
Progress collections and price adjustments accrued	656.5	599.3
Dividends payable	63.6	58.8
Taxes accrued	331.5	239.6
Other costs and expenses accrued	764.4	663.2
Current liabilities	2,840.4	2,650.3
Long-term borrowings	787.3	573.5
Other liabilities	255.1	249.3
Miscellaneous reserves	160.8	130.5
Total liabilities	4,043.6	3,603.6
Interest of other share owners in equity of affiliates	42.4	41.3
Preferred stock	—	—
Common stock	462.3	460.9
Amounts received for stock in excess of par value	368.8	330.0
Retained earnings	**2,096.2**	**1,874.1**
	2,927.3	2,665.0
Deduct common stock held in treasury	(125.5)	(111.4)
Total share owners' equity	2,801.8	2,553.6
Total liabilities and equity	$6,887.8	$6,198.5

The 1971 Financial Summary beginning on page 26 and ending on page 35 is an integral part of this statement.

Statement of Changes in Financial Position

General Electric Company and consolidated affiliates

(In millions)

For the year	1971	1970
Source of funds:		
From operations:		
Net earnings	$ 471.8	$328.5
Depreciation	273.6	334.7
U.S. Federal income tax timing differences	19.9	(9.2)
Earnings of the Credit Corporation less dividends paid	(6.9)	(4.9)
	758.4	649.1
Major domestic long-term borrowings	200.0	—
Overseas Capital Corporation long-term borrowings	28.0	16.6
Increase in other long-term borrowings—net	14.0	—
Newly-issued common stock	30.4	37.1
Total source of funds	1,030.8	702.8
Application of funds:		
Plant and equipment additions	553.1	581.4
Dividends declared	249.7	235.4
Reduction in major domestic long-term borrowings	23.7	10.1
Reduction in Overseas Capital Corporation long-term borrowings	4.5	4.5
Reduction in other long-term borrowings—net	—	101.9
Other—net	85.7	6.1
Total application of funds	916.7	939.4
Net increase (decrease) in working capital	$ 114.1	$(236.6)

Analysis of changes in working capital		
Cash and marketable securities	$ 80.2	$(123.5)
Current receivables	167.6	205.9
Inventories	56.4	(35.4)
Short-term borrowings	88.3	(317.3)
Other payables	(278.4)	33.7
Net increase (decrease) in working capital	$ 114.1	$(236.6)

The 1971 Financial Summary beginning on page 26 and ending on page 35 is an integral part of this statement.

General Electric Pension Trust *(In millions)*

Operating statement	1971	1970
Total assets at Jan. 1	$1,891.9	$1,750.5
Company contributions	91.0	66.6
Employee contributions	27.8	24.2
	118.8	90.8
Dividends, interest and sundry income	98.0	88.0
Common stock appreciation:		
Realized	6.6	1.1
Unrealized portion recognized	54.8	45.4
	61.4	46.5
Pensions paid	(98.3)	(83.9)
Total assets at Dec. 31	$2,071.8	$1,891.9

Financial position—Dec. 31		
Investments	$1,994.7	$1,829.5
Other assets—net	77.1	62.4
Total assets	$2,071.8	$1,891.9
Liability to pensioners	$ 720.0	$ 580.4
Reserve for pensions to participants not yet retired	1,351.8	1,311.5
Liabilities and reserves	$2,071.8	$1,891.9

Provision for income taxes *(In millions)*

	1971	1970
U.S. Federal income taxes:		
Estimated amount payable	$256.4	$192.1
Effect of timing differences	19.9	(9.2)
Investment credit deferred—net	4.1	(6.4)
	280.4	176.5
Other income taxes and renegotiation	36.7	44.1
	$317.1	$220.6

(continued from page 26)

Employee compensation, including the cost of employee benefits, rose to a record level of $3,885.3 million in 1971.

General Electric Company and its affiliates have a number of pension plans. Substantially all employees in the United States who have completed one year of service are participating in the General Electric Pension Plan, the obligations of which are funded through the General Electric Pension Trust. Trust financial statements appear at the left.

Investments of the Pension Trust are carried at amortized cost plus unrealized appreciation recognized.

The funding program in effect since 1967 uses 6% as the estimated rate of future income which includes a provision for the systematic recognition of a portion of the unrealized appreciation in the common stock portfolio. This program was revised in 1971 with the objective of recognizing appreciation which, when added to cost, will result in a book value approximating 80% of market value (consistent with revised Armed Services Procurement Regulations), compared with the 75% used previously. In addition, changes were made in actuarial assumptions relating to mortality to bring them in line with anticipated experience. The contribution to the Pension Trust would have been about the same had these largely offsetting changes not been made in 1971.

The actual earnings of the Trust, including the programmed recognition of appreciation, as a percentage of book value of the portfolio were 6.8% for 1971 and 6.3% for 1970.

Unfunded liabilities (including the liability for improvements effective on January 1, 1971) are being amortized over a 20-year period and are estimated to be $325 million at December 31, 1971 based on the book value of Trust assets compared with $70 million at the end of 1970. The unfunded vested liability was $247 million at December 31, 1971 and $6 million at December 31, 1970.

The estimated market value exceeded the book value of Trust assets by $443 million and $360 million at the end of 1971 and 1970, respectively.

Depreciation amounted to $273.6 million in 1971 compared with $334.7 million in 1970. Depreciation expense for 1971 includes no counterpart for 1970 depreciation applicable to the information systems equipment business.

An accelerated depreciation method, based principally on a sum-of-the-years digits formula, is used to depreciate plant and equipment in the United States purchased in 1961 and subsequently. Assets purchased prior to 1961, and most assets outside the U.S., are depreciated on a straight-line basis. Special depreciation is provided where equipment may be subject to abnormal economic conditions or obsolescence.

Taxes, except those on income, totaled $101.8 million in 1971 and $88.8 million in 1970. These taxes were mainly franchise and property taxes. They exclude social security taxes which are included with employee benefits.

Interest and other financial charges decreased to $96.9 million in 1971 from $101.4 million in the previous year. Factors contributing to this decrease included the absence of borrowings by foreign affiliates of the transferred information systems equipment business as well as generally lower short-term rates which prevailed during the period. Partially offsetting the decrease was additional long-term borrowings in 1971, which accounted for an increase in interest and other financial charges applicable to principal items of long-term borrowings to $40.8 million in 1971 from $28.1 million in 1970.

Provision for income taxes amounted to $317.1 million in 1971. Details of this amount are shown in the tabulation in the lower left margin.

Provision for U.S. Federal income

taxes, under the comprehensive interperiod tax allocation method, is based on the income and costs included in the earnings statement shown on page 27.

The amount of U.S. Federal income taxes shown payable is determined by applicable statutes and Government regulations. The amounts shown as timing differences result from the fact that under these statutes and regulations some items of income and cost are not recognized in the same time period as good accounting practice requires them to be recorded.

The cumulative net effect of such differences has been that earnings on which tax payments have been required have been more than the earnings reported in the Company's Annual Reports. Accordingly, a deferred-tax asset has been established to record the reduction of future tax payments.

Federal income taxes to be paid on undistributed earnings of foreign affiliates upon their transfer to domestic components are believed not to be significant.

U.S. Federal income tax returns of the Parent have been settled through 1960.

The Company follows the practice of adding the investment credit to income over the life of the underlying facilities rather than in the year in which facilities are placed in service. The investment credit was repealed during 1969 and reinstated during 1971. The investment credit amounted to $12.2 million in 1971 compared with $3.0 million in the prior year. In 1971, $8.1 million was added to net earnings compared with $9.4 million in 1970. At the end of 1971, the amount still deferred and to be included in net earnings in future years was $47.7 million. If the Company had "flowed through" the investment credit, this amount would have been included in earnings during 1971 and prior years.

Renegotiation is a net provision for that portion of earnings on prime and subcontract sales to the U.S. Government which may later be claimed by the Government.

Interest of other share owners in net results of affiliates represents the minority interest which other share owners have in net earnings and losses of consolidated affiliates not wholly owned by the Company. Variances in this account between periods result not only from changes in earnings of affiliates but also from changes in General Electric's percent of ownership in these affiliates.

Cash and marketable securities totaled $286.0 million at the end of 1971, an increase of $80.2 million during the year. Marketable securities are carried at the lower of amortized cost or market value. Carrying value was substantially the same as market value.

Current receivables, less allowance for losses, totaled $1,741.3 million at December 31, 1971. The increase of $167.6 million or 11%, during the year, was due principally to the increase in sales in 1971. During 1970 receivables increased $205.9 million as the result of a substantial increase in the volume of business at the end of 1970 compared with the strike-depressed volume at the end of 1969. Partially offsetting the 1970 increase was reduction of receivables applicable to information systems equipment business.

The allowance for losses applicable to current receivables amounted to $47.4 million at December 31, 1971 and $48.2 million at the end of 1970.

Long-term receivables, less allowance for losses, are reported under other assets.

Inventories are summarized at the right. Inventories at the end of 1971 were $1,611.7 million compared with $1,555.3 million at December 31, 1970. Inventories at the beginning of 1970 were $1,590.7 million. The 1970 inventory decrease of $35.4 million represented the reduction of inventories applicable to the information systems equipment business ($131.4 million) partially offset by the balancing of inventory levels after the strike distorted

Inventories *(In millions)*

December 31	1971	1970
Raw materials and work in process	$1,002.5	$ 967.2
Finished goods	505.4	491.6
Unbilled shipments	103.8	96.5
	$1,611.7	$1,555.3

Investments *(In millions)*

December 31	1971	1970
Nonconsolidated finance affiliates	$234.1	$201.9
Honeywell Inc. and Honeywell Information Systems Inc.	195.3	216.7
Associated companies	21.7	20.9
Miscellaneous investments	274.3	201.8
Allowance for losses	(11.1)	(10.4)
	$714.3	$630.9

General Electric Credit Corporation *(In millions)*

Financial position

December 31	1971	1970
Cash and marketable securities	$ 80.0	$ 73.2
Receivables	2,607.2	2,360.5
Deferred income	(289.0)	(250.1)
Reserves for losses	(56.2)	(41.5)
Net receivables	2,262.0	2,068.9
Other assets	16.7	14.9
Total assets	$2,358.7	$2,157.0
Notes payable:		
Due within one year	$1,324.1	$1,362.5
Long-term—Senior	415.2	280.3
—Subordinated	194.7	154.0
Other liabilities	192.8	170.2
Total liabilities	2,126.8	1,967.0
Capital stock	90.0	55.0
Retained earnings	141.9	135.0
Equity	231.9	190.0
Total liabilities and equity	$2,358.7	$2,157.0

Current and retained earnings

For the year	1971	1970
Earned income	$ 280.0	$ 247.5
Expenses:		
Operating and administrative	83.1	71.7
Interest and discount	99.8	116.7
Provision for receivable losses	40.4	21.9
Provision for income taxes	25.8	17.3
	249.1	227.6
Net earnings	30.9	19.9
Deduct dividends	(24.0)	(15.0)
Retained earnings at January 1	135.0	130.1
Retained earnings at December 31	$ 141.9	$ 135.0

condition at the beginning of 1970.

Inventories in the United States are substantially all valued on a last-in, first-out (LIFO) basis, and substantially all those outside the U.S. are valued on a first-in, first-out (FIFO) basis. Such valuations are not in excess of market and are based on cost, exclusive of certain indirect manufacturing expenses and profits on sales between the Parent and affiliated companies. The LIFO basis values inventories conservatively during inflationary times, and on a FIFO basis the year-end 1971 inventories would have been $272.8 million in excess of this valuation. This excess increased $27.6 million during 1971 and $30.3 million during 1970.

Working capital (current assets less current liabilities) totaled $798.6 million, an increase of $114.1 million during 1971. The Statement of Changes in Financial Position on page 29 provides a summary of major sources and applications of funds as well as an analysis of changes in working capital.

Investments amounted to $714.3 million at the end of 1971 as shown at upper left.

Investments in finance affiliates are carried at equity plus advances. Investment in General Electric Credit Corporation, a wholly-owned nonconsolidated finance affiliate, amounted to $232.7 million at the end of 1971 and $200.7 million at the end of 1970.

Condensed financial statements for the General Electric Credit Corporation and its consolidated affiliates are shown in the left margin. Copies of the 1971 Annual Report for the Credit Corporation may be obtained by writing to General Electric Credit Corporation, P.O. Box 8300, Stamford, Conn. 06904.

The Credit Corporation's net receivables rose to $2,262.0 million at December 31, 1971, an increase of 9% during the year. Experience indicates that approximately 50% of the Credit Corporation's receivables outstanding at December 31, 1971 would be collected within one year. The comparable percentage at the end of 1970 was 49%.

During February 1972 the Credit Corporation sold $75.0 million of seven-year 7% notes in the public market.

During December 1971 the Credit Corporation issued preferred stock aggregating $35.0 million to General Electric Company.

Investments in the securities of Honeywell Inc. and Honeywell Information Systems Inc. (HIS), a subsidiary of Honeywell, were recorded at appraised fair value at date of acquisition, October 1, 1970 when the information systems equipment business was transferred to HIS. The appraised fair value recognized such factors as the size of the holdings, the various requirements and restrictions on the timing of the sale or other dispositions of the securities, as well as the uncertainty of future events.

At December 31, 1970 these securities included 1,500,000 shares of Honeywell common stock; $110.0 million principal amount of 9⅛% subordinated notes due 1975 and 1977 of Honeywell; and common shares representing an 18½% ownership in HIS. The Honeywell common stock, based on the closing market price at December 31, 1970, would have been valued at $124.5 million.

During June 1971 General Electric sold 375,000 shares of Honeywell common stock. In June 1971 Honeywell gave notice of the exercise of its option to prepay the $110.0 million of subordinated notes through the issuance to General Electric of 1,025,432 shares of Honeywell common stock. The shares received are carried at amounts assigned to the notes thus redeemed including interest imputed during the period held.

At December 31, 1971, General Electric held 2,150,432 shares of Honeywell common stock. Based on the closing market price on December 31, 1971, these shares would have been valued at $286.8 million.

The Company continued to hold the 18½% ownership in HIS.

During 1975 through 1980, Honeywell has the option to purchase from General Electric, and General Electric has the option to require Honeywell to purchase, General Electric's interest in HIS. Payment would be in Honeywell common stock. General Electric has agreed that if the U. S. Attorney General so requests, it shall, prior to the end of 1980, exercise its option to require Honeywell to purchase General Electric's interest in HIS. General Electric has committed to the United States Department of Justice to dispose of current holdings of Honeywell common stock in stages by June 30, 1978, and all other shares of Honeywell common stock received for General Electric's interest in HIS by December 31, 1980.

A voting trust has been established in which General Electric must deposit all shares of Honeywell common stock received as part of this transaction.

Investments in associated companies which are not consolidated but in which the Company owns approximately 50% of the voting stock are valued at cost adjusted for changes in equity since acquisition.

Miscellaneous investments are valued at cost. On December 31, 1971, the estimated realizable value of these investments was approximately $320 million, an increase of $90 million during the year.

Plant and equipment represents the original cost of land, buildings and equipment less estimated cost consumed by wear and obsolescence.

Details of plant and equipment, and accumulated depreciation, are shown in the table at upper right. Dispositions during 1970 included amounts applicable to the transfer of the information systems equipment business.

Other assets, less allowance for losses of $14.6 million ($12.4 million at December 31, 1970), totaled $508.8 million at December 31, 1971. Research and development expenditures, except those specified as recoverable design costs on Government contracts, are charged to operations as incurred. Deferred income taxes applicable to current assets and liabilities were $80.8 million at the end of 1971 compared with $78.4 million at the end of 1970.

Other assets are summarized in the right margin.

Short-term borrowings, those due within one year, totaled $569.8 million at the end of 1971 compared with $658.1 million at the end of the preceding year. These borrowings have been incurred by the Company primarily to finance increased working capital requirements and a continuing high level of expenditures for plant and equipment. Short-term borrowings by the Parent aggregated $396.1 million at the end of 1971, a decrease of $86.7 million during the year. Borrowings by the Company's foreign affiliates decreased significantly in 1970 principally because of the transfer of the information systems equipment business.

Other costs and expenses accrued at the end of 1971 included compensation and benefit costs accrued of $313.3 million and interest expense accrued of $15.5 million. At the end of 1970, compensation and benefit costs accrued were $263.8 million and interest expense accrued was $11.2 million. The remaining costs and expenses accrued included liabilities for items such as replacements under guarantees and allowances to customers.

Long-term borrowings amounted to $787.3 million at December 31, 1971 compared with $573.5 million at the end of 1970 as summarized at the right.

During March 1971, the Company issued $200.0 million of 7½% Debentures due in 1996. The net proceeds of this offering were added to the general funds of the Company and initially used to reduce short-term borrowings.

Plant and equipment *(In millions)*

	1971	1970
Major classes at Dec. 31:		
Land and improvements	$ 100.9	$ 87.2
Buildings, structures and related equipment	1,243.3	1,070.2
Machinery and equipment	2,585.5	2,294.9
Leasehold costs and plant under construction	204.5	199.2
	$4,134.2	$3,651.5
Cost at Jan. 1	$3,651.5	$3,982.1
Additions	553.1	581.4
Dispositions	(70.4)	(912.0)
Cost at Dec. 31	$4,134.2	$3,651.5
Accumulated depreciation		
Balance at Jan. 1	$1,902.1	$2,167.1
Current year provision	273.6	334.7
Dispositions	(62.5)	(540.5)
Other changes	(4.7)	(59.2)
Balance at Dec. 31	$2,108.5	$1,902.1
Plant and equipment less depreciation at Dec. 31	$2,025.7	$1,749.4

Other assets *(In millions)*

December 31	1971	1970
Long-term receivables	$173.5	$147.8
Deferred income taxes	106.2	120.0
Recoverable design costs on Government contracts	95.4	99.7
Customer financing	61.9	54.9
Deferred charges	23.7	22.1
Loans and advances to employees	9.6	9.0
Other	38.5	29.9
	$508.8	$483.4

Long-term borrowings *(In millions)*

December 31	1971	1970
General Electric Company:		
7½% Debentures	$200.0	$ —
5.30% Debentures	178.9	185.6
5¾% Notes	118.8	125.0
3½% Debentures	102.3	113.1
General Electric Overseas Capital Corporation	135.1	111.6
Other	52.2	38.2
	$787.3	$573.5

Common stock issued and outstanding

	1971	1970
Shares issued at Jan. 1	184,370,136	183,462,632
New shares issued:		
Savings and Security Program	327,590	830,184
Stock option plans	238,592	77,320
Shares issued at Dec. 31	184,936,318	184,370,136
Deduct shares held in treasury	(2,813,503)	(2,743,122)
Shares outstanding at Dec. 31	182,122,815	181,627,014

General Electric Company 5.30% Sinking Fund Debentures are due in 1992. Sinking fund payments are required beginning in 1973. Debentures outstanding at the end of 1971 amounted to $178.9 million after deduction of reacquired debentures with a face value of $21.1 million held in treasury for future sinking fund requirements.

General Electric Company 5¾% Notes are due in 1991. At December 31, 1971, $118.8 million was classified as long term and $6.2 million was classified as short term. Mandatory prepayments are required beginning in 1972.

General Electric Company 3½% Debentures are due in 1976. Debentures having a face value of $15.5 million, and reacquired at a cost of $13.0 million, were retired during 1971 in accordance with sinking fund provisions. Debentures outstanding at the end of 1971 amounted to $102.3 million after deduction of reacquired debentures with a face value of $42.6 million held in treasury for future sinking fund requirements.

General Electric Overseas Capital Corporation (a wholly-owned consolidated affiliate) borrowings are unconditionally guaranteed by General Electric Company as to payment of principal, premium, if any, and interest. Proceeds from these borrowings are being used primarily to assist in financing the capital requirements of foreign companies in which General Electric has an equity interest. The borrowings include the Corporation's 4¼% Guaranteed Bonds Due 1985 in the aggregate principal amount of $50.0 million. The bonds are convertible through November 1975, into General Electric common stock at $65.50 a share. Sinking fund payments on any bonds not converted are required beginning in 1976.

Other long-term borrowings represented largely borrowings by foreign affiliates with various interest rates and maturities. These borrowings decreased significantly during 1970 primarily by amounts borrowed by the overseas components of the transferred information systems equipment business.

During January 1972, General Electric Company sold $125.0 million of 6¼% Debentures due in 1979 in the public market, the net proceeds of which were added to the general funds of the Company.

Preferred stock, $1.00 par value, up to a total of 2,000,000 shares has been authorized by the share owners. No preferred shares have been issued.

Common stock, $2.50 par value, up to a total of 210,000,000 shares has been authorized by the share owners. During April 1971 share owner approval was obtained to split common shares on a two-for-one basis. This resulted in an increase in the number of authorized shares of common stock from 105,000,000 shares with a par value of $5.00 per share to 210,000,000 shares with a par value of $2.50 per share and a doubling of all issued common shares including stock held in treasury. The split resulted in no change in the capital or surplus accounts of the Company. Shares issued and outstanding at the end of the last two years are shown at lower left. The number of new shares issued varies between periods depending on the requirements of employee plans and the timing of deliveries of shares under provisions of those plans.

Common stock held in treasury for various corporate purposes totaled $125.5 million at the close of 1971 and $111.4 million at the end of 1970. Purchases during 1971 totaled 759,048 shares including 504,076 shares acquired from employees at current market prices pursuant to provisions in employee plans other than stock option plans. Other purchases were primarily through regular transactions in the security markets. Treasury stock dispositions are at the upper right on page 35.

The Company held under the deferred compensation provisions of incentive compensation plans a total of 1,094,169 shares at December 31, 1971 and 1,041,472 shares at December 31, 1970. These shares are recorded at market value at the time of their allotment. The liability is recorded under other liabilities.

The remaining common stock held is carried at cost, $80.5 million at the end of 1971 and $70.8 million at the end of 1970. These shares are held for future corporate requirements including 763,359 shares for possible conversion of General Electric Overseas Capital Corporation's 4¼% Guaranteed Bonds described under long-term borrowings, for distributions under employee savings plans and for incentive compensation awards.

Amounts in excess of par value received for stock increased $38.8 million during 1971 resulting from amounts received for newly-issued shares in excess of par value of $29.0 million and net gains from treasury stock transactions of $9.8 million. The increase during 1970 of $29.7 million resulted from amounts received for newly-issued shares in excess of par value of $34.8 million reduced by net losses from treasury stock transactions of $5.1 million.

Incentive compensation plans provide incentive for outstanding performance by over 3,000 key employees. Allotments made in 1971 for services performed in 1970 aggregated $20.0 million. Allotments made in 1970 for services performed in 1969 totaled $16.4 million.

The Stock Option Plan, approved by the share owners in 1968 by 98.2% of the votes cast, and three previous similar plans, provided continuing incentive for more than 500 employees. The option price under these plans is the full market value of General Electric common stock on the date of grant. Therefore, participants in the plans do not benefit unless the stock's market price rises, thus benefiting all share owners. Also, in order to exercise options the employee must remain with the Company, because options may be exercised only after annual installments mature, which is generally over a period of nine years. Thus the plans encourage managers and professional employees to have the long-term entrepreneurial interest that will benefit all share owners.

A summary of stock option transactions during the last two years is shown at the right. At the end of 1971, there were 2,934,520 shares reserved for options of which 837,623 shares were exercisable, 1,551,308 shares were not yet exercisable and 545,589 shares were available for granting options in the future.

Dispositions of treasury shares

	1971	1970
Employee savings plans	572,336	994,752
Incentive compensation plans	94,788	113,238
Business acquisitions	21,416	—
Awards to employees	127	360
	688,667	1,108,350

Stock options

		Average per share	
	Number of shares	Option price	Market price
Balance at Dec. 31, 1969	1,981,976	$44.28	$38.75
Options granted	689,778	43.13	43.13
Options exercised	(77,320)	39.40	43.16
Options terminated	(138,638)	44.58	—
Balance at Dec. 31, 1970	2,455,796	44.09	46.94
Options granted	243,001	56.50	56.50
Options exercised	(238,592)	40.29	58.26
Options terminated	(71,274)	44.67	—
Balance at Dec. 31, 1971	2,388,931	45.70	62.62

Report of Independent Certified Public Accountants

To the share owners and board of directors of General Electric Company

We have examined the statements of financial position of General Electric Company and consolidated affiliates as of December 31, 1971 and 1970, and the related statements of current and retained earnings and changes in financial position for the respective years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such statements present fairly the financial position of General Electric Company and consolidated affiliates at December 31, 1971 and 1970, and the results of their operations and changes in financial position for the respective years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Peat, Marwick, Mitchell & Co.

February 18, 1972

Peat, Marwick, Mitchell & Co., 345 Park Avenue, New York, New York 10022

Ten Year Summary

(Dollar amounts in millions; per-share amounts in dollars)

On worldwide basis of consolidation	**1971**	**1970**	**1969**	**1968**	**1967**	**1966**	**1965**
Sales of products and services	**$9,425.3**	$8,726.7	$8,448.0	$8,381.6	$7,741.2	$7,177.3	$6,213.6
Net earnings(a)	**471.8**	**328.5**	**278.0**	**357.1**	**361.4**	**338.9**	**355.1**
Earnings per common share(b)	**2.60**	1.81	1.54	1.98	2.00	1.88	1.97
Earnings as a percentage of sales(a)	**5.0%**	**3.8%**	**3.3%**	**4.3%**	**4.7%**	**4.7%**	**5.7%**
Earned on share owners' equity(c)	**17.6%**	13.2%	11.5%	15.4%	16.5%	16.2%	18.0%
Earnings retained for reinvestment(a)	**222.1**	**93.1**	**42.8**	**122.3**	**127.2**	**104.3**	**138.4**
Cash dividends declared	**$ 249.7**	$ 235.4	$ 235.2	$ 234.8	$ 234.2	$ 234.6	$ 216.7
Dividends declared per common share(b)	**1.38**	1.30	1.30	1.30	1.30	1.30	1.20
Shares outstanding—average *(In thousands)*(b)	**181,684**	181,114	180,965	180,651	180,266	180,609	180,634
Share owner accounts—average	**523,000**	529,000	520,000	530,000	529,000	530,000	521,000
Market price range per share(b)(d)	**66½-46½**	47¼-30⅛	49⅛-37	50¼-40⅛	58-41¼	60-40	60⅛-45½
Current assets	**$3,639.0**	$3,334.8	$3,287.8	$3,311.1	$3,207.6	$3,013.0	$2,842.4
Current liabilities	**2,840.4**	2,650.3	2,366.7	2,104.3	1,977.4	1,883.2	1,566.8
Total assets(c)	**6,887.8**	6,198.5	5,894.0	5,652.5	5,250.3	4,768.1	4,241.5
Share owners' equity(c)	**2,801.8**	2,553.6	2,426.5	2,402.1	2,245.3	2,128.1	2,048.1
Plant and equipment additions	**$ 553.1**	$ 581.4	$ 530.6	$ 514.7	$ 561.7	$ 484.9	$ 332.9
Depreciation	**273.6**	334.7	351.3	300.1	280.4	233.6	188.4
Provision for income taxes	**317.1**	220.6	231.5	312.3	320.5	347.4	352.2
Worldwide employees—average	**363,000**	397,000	410,000	396,000	385,000	376,000	333,000

(a) See special note to share owners on page 2.

(b) Amounts have been adjusted for the two-for-one stock split in April 1971.

(c) Years prior to 1971 have been restated to the current practice for recording common stock held in treasury.

(d) Represents high and low market price on New York Stock Exchange for each year.

1964	1963	1962
$5,319.2	$5,177.0	$4,986.1
219.6	**272.2**	**256.5**
1.22	1.52	1.44
4.1%	**5.3%**	**5.1%**
11.7%	15.3%	15.4%
21.9	**89.1**	**79.0**
$ 197.7	$ 183.1	$ 177.5
1.10	1.02	1.00
179,833	178,768	177,605
516,000	504,000	447,000
46¾-39⅜	43¾-35⅞	39¼-27⅛
$2,543.8	$2,321.0	$2,024.6
1,338.9	1,181.9	1,168.7
3,788.2	3,457.8	3,308.0
1,896.4	1,844.5	1,722.4
$ 237.7	$ 149.2	$ 173.2
170.3	149.4	146.0
233.8	286.7	254.0
308,000	298,000	291,000

Directors

The election of two Company officers and one "outside" director to the Board of Directors in 1971 brought total membership to 21. The Board lost the services of Robert T. Stevens, who had served with great distinction for over 21 years, when he did not stand for reelection under the age rule established by the Board in 1956.

Board members are listed below with their principal affiliations and years of service as General Electric Directors. Their average age is 59 years and average length of service on the Board is 10 years.

J. Paul Austin, Chairman of the Board and Director, The Coca-Cola Company, Atlanta, Ga. (8 years)

Fred J. Borch, Chairman of the Board and Chief Executive Officer, General Electric Company, New York City. (10 years)

James G. Boswell II, President, J. G. Boswell Company, Los Angeles, Cal. (Elected November 1971)

Walter D. Dance, Vice Chairman of the Board and Executive Officer, General Electric Company, New York City. (Elected August 1971)

William H. Dennler, Vice Chairman of the Board, Executive Officer and Consultant to the Chairman, General Electric Company, New York City. (3 years)

Frederick B. Dent, President and Director, Mayfair Mills, Arcadia, S. C. (6 years)

Thomas S. Gates, Director, J. P. Morgan & Co., Inc. and Morgan Guaranty Trust Company of New York, New York City. (7 years)

Frederick L. Hovde, President Emeritus, Purdue University, Lafayette, Ind. (16 years)

Gilbert W. Humphrey, Chairman of the Board and Director, The Hanna Mining Company, Cleveland, Ohio. (17 years)

Reginald H. Jones, Vice Chairman of the Board and Executive Officer, General Electric Company, New York City. (Elected August 1971)

John E. Lawrence, Proprietor, James Lawrence & Co., Boston, Mass. (15 years)

Ralph Lazarus, Chairman of the Board and Director, Federated Department Stores, Inc., Cincinnati, Ohio. (9 years)

Edmund W. Littlefield, Chairman of the Board and Director, Utah International Inc., San Francisco, Cal. (8 years)

George H. Love, Chairman of the Board and Director, Consolidation Coal Company, Pittsburgh, Pa. (22 years)

Neil H. McElroy, Chairman of the Executive Committee and Director, The Procter & Gamble Company, Cincinnati, Ohio. (20 years)

Dean A. McGee, Chairman of the Board and Director, Kerr-McGee Corporation, Oklahoma City, Okla. (10 years)

Henry S. Morgan, Limited Partner, Morgan Stanley & Co., New York City. (32 years)

Jack S. Parker, Vice Chairman of the Board and Executive Officer, General Electric Company, New York City. (3 years)

Gilbert H. Scribner, Jr., President and Director, Scribner and Co., Chicago, Ill. (9 years)

Herman L. Weiss, Vice Chairman of the Board and Executive Officer, General Electric Company, New York City. (3 years)

Walter B. Wriston, Chairman and Director, First National City Bank, New York City. (10 years)

Charles E. Wilson, who served as a Director from 1938 to 1942 and from 1944 to 1950, died on January 3, 1972 at the age of 85. General Electric people deeply regret the passing of the man who, in 1940, became the Company's fourth president, climaxing a GE career that had begun as an office boy in 1899. On two occasions he interrupted his General Electric service in order to serve his country. During World War II he was Vice Chairman of the War Production Board and during the Korean conflict served as Director of the Office of Defense Mobilization. He will be warmly remembered for his national contributions in mobilizing the resources of industry to his country's needs, as well as for the unflagging enthusiasm he brought to the progress of your Company.

Management

Corporate Executive Office

Fred J. Borch
Chairman of the Board
and Chief Executive Officer

Walter D. Dance
Vice Chairman of the Board
and Executive Officer

William H. Dennler*
Vice Chairman of the Board
Executive Officer and
Consultant to the Chairman

Senior Vice Presidents

Hershner Cross
Senior Vice President
Corporate Executive Staff

Oscar L. Dunn
Senior Vice President
Corporate Executive Staff

Robert M. Estes
Senior Vice President
Corporate Executive Staff
General Counsel and Secretary

Vice Presidents and Group Executives

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Operations

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Credit Corporation
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(an affiliate of General Electric)

The organizational listing on these pages includes changes approved by the Board of Directors on February 18, 1972, to become effective March 1, 1972.

*Retiring under the provisions of the Company's Pension Plan on May 1, 1972.

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Nuclear Energy Division

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